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MEMORANDUM FOR: Director of Central Intelligence

FROM : Deputy Director for Management and Services

SUBJECT : Proposal for Joint Venture Between Air America
Complex and Entities in South Vietnam and
Thailand

1. Action Requested: It is requested that you approve the recommendations contained in paragraph 4 below.

2. Basic Data or Background: At the Executive Committee meeting of the Air America complex on 11 September [] discussed proposals by South Vietnam and Thai officials which would lead to joint ventures between the Air America complex and entities in South Vietnam and Thailand.

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[] read to the Committee a letter from Vietnamese officials which indicated that they were most interested in a joint venture relationship with Air America indicating that a joint venture with NIIC, Inc. had not been going well. In essence they raised the possibility of a joint venture such as previously suggested in Vung Tau and threatened to charge the company for the use of Vietnamese air space unless it proceeded with such a joint venture.

[] then noted that he had received a similar request for a joint venture in Thailand from Thai Airways. At the request of the Director of Thai Airways a meeting was held with an Air America representative at which time the Director of Thai Airways proposed a joint venture. He noted that Thai Airways was not happy with the maintenance service being performed for them by Thai Am and its American partner and he suggested that Air America sub-contract with Thai Am to furnish maintenance. He requested an exploratory meeting with the Director of Air

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America to discuss this matter. Those knowledgeable of the Thai Government and its operations agreed that this approach was an approved approach by the Thai Government and should be considered as an official one. [] noted that while no commitments have been made in either the case of the Vietnamese or the Thai proposal, it is something that must be faced in the near future.

Concerning joint ventures it should be noted that all bidders had indicated their interest in such a joint venture arrangement in the local government. From a practical standpoint, if the company is to survive under private ownership, such joint ventures will be necessary. The Managing Director of Air America feels that he should proceed with negotiations on joint ventures and that this would be beneficial to the U. S. Government and in connection with the sale of the company to one of the bidders.

3. Staff Position:

4. Recommendation: In view of the above the following two recommendations are made:

(a) that the bidders be formally advised in writing of the two proposals for joint venture in South Vietnam and Thailand. It would be explained that these proposals were initiated by the Vietnamese and the Thais and are being considered by the company

(b) that you approve preliminary negotiations with both the South Vietnamese and the Thais with the view toward some sort of joint venture operation in these two countries. This would represent authorization for negotiation only and the company would not enter into any agreement without the approval of the specific agreement by you.

[]
HAROLD L. BROWNMAN
Deputy Director
for
Management and Services

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Subject: Proposal for Joint Venture Between Air America Complex and
Entities in South Vietnam and Thailand

CONCURRENCE:

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[Redacted Signature]

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Chief, East Asia Division

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[Redacted Signature]

For General Counsel 25 SEP 1973

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[Redacted Signature]

25 SEP 1973

Associate Deputy Director for Operations

APPROVED:

W. F. Collins

2 OCT 1973

DISAPPROVED:

[Redacted Signature]

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